

A Glossary of Argentine Financial Terms and Acronyms

Version 7 – December 2006

ABA: Asociación of foreign-owned Argentine banks. Until April 2003, when domestic banks broke off and formed *ADEBA*, this association represented privately-owned Argentine banks. (“Asociación de Bancos Argentinos.”) See also *ABAPPRA*, *ABE* and *ADEBA*.

ABAPPRA: Association of Argentine state-owned banks. Originally an association of provincial banks, both public and mixed ownership, it now represents the remaining state banking sector. (“Asociación de Bancos Públicos y Privados de la República Argentina.”) See also *ABA*, *ABE* and *ADEBA*.

ABRA: The Argentine Bond Restructuring Agency, a private group of holders of defaulted Argentine bonds. The group was formed by major European banks to boost the collective bargaining position of individual bondholders.

ABE: Association of specialized Argentine banks, such as automobile credit providers. (“Asociación de la Banca Especializada.”) See also *ABA*, *ABAPPRA*, and *ADEBA*.

ABRA: Argentine Bond Restructuring Agency, a group of 20 European banks formed to negotiate with Argentina on restructuring its defaulted foreign debt.

ADEBA: Association of Argentine private banks, which broke off from *ABA* in April 2003 to form a banking association of only Argentine-owned private banks. (“Asociación de Bancos Privados de Capital Nacional.”) See also *ABA*, *ABAPPRA*, and *ABE*.

AFIP: The Argentine public revenue collection agency (“Administración Federal de Ingresos Públicos”). AFIP combines tax, customs, and pension fund contribution collections.

AFJP: Private pension funds. There are about 11 AFJP’s in Argentina, including one owned by U.S. insurance major MetLife. (“Administradoras de Fondos de Jubilaciones y Pensiones”).

Amparos: A type of legal action similar, but much broader, than an injunction or writ of mandamus in US courts. Asks the court to review the constitutionality/legality of a government action and force the government to act according to the law. Used by many debtors to obtain their dollars from banks, by challenging the *Corralón*, *Corralito* and forced conversion of dollar-denominated accounts into peso-denominated accounts as a violation of their contract and/or property rights.

ANSES: The Argentine Social Security Administration. (“Administración Nacional de Seguridad Social”).

Asymmetrical Indexation: the difference between some bank assets being indexed to *CER* - the CPI-linked index - and some liabilities to *CVS* - the salary-linked index. When the government forced pesification of bank accounts, it indexed pesified deposits to the *CER* price index, but

indexed most consumer loans and home mortgages to the CVS wage-based index. The effect has been a growing mismatch between bank assets and liabilities.

Asymmetrical Pesification: When the government forced banks to convert their dollar-denominated accounts and debts to pesos, it mandated that deposits be converted at a 1USD = 1.4 peso exchange rate, but credits were converted at a 1USD = 1 peso rate. This asymmetrical conversion reduced the value of banks' net worth substantially. The GOA issued about 27 billion in compensation bonds to banks in 2002 and as of September 2003, had compensated banks for 70-80 percent of their losses from asymmetrical pesification. See also *Compensatory Bonds*.

ATN: A special fund managed by the Minister of the Interior designed to finance emergencies or financial disequilibria in the provinces. The ATN receives specific tax revenues under the co-participation federal-provincial revenue sharing system. ("Fondo de Aportes del Tesoro Nacional a las Provincia").

BADLAR: An acronym for the wholesale interest rate for deposits of more than 1 million pesos or dollars.

BID: *The Inter-American Development Bank (IDB)* ("*Banco Interamericano de Desarrollo*")

BCRA: The Argentine Central Bank ("Banco Central de la República Argentina").

Bocade: Name of the *Quasi-Monies* issued by the provinces of Tucuman and La Rioja. Bocades from La Rioja province were issued as "Bocade A" or "Bocade B." The Tucuman Bocades were withdrawn from circulation in June and July, 2003 under the *PUM*. The La Rioja Bocades are being redeemed at a 1-1 rate with the provincial Banco de La Rioja.

Bocanfor: The quasi-money issued in the province of Formosa. The Bocanfors were withdrawn from circulation between May 29 and July 3, 2003 under the *PUM*. See also *Quasi-Monies*.

BOCON: A peso-denominated federal bond used to pay for consolidation of old debts. ("Bonos de Consolidación.")

BODEN: Federal bond issued after the 2002 default. Bodens were originally issued in a *Canje* in exchange for reprogrammed bank deposits (deposits trapped by the *corralito* or *corralón*), and to banks in compensation for *asymmetrical pesification*. However, the GoA continued issuing Bodens for financing purposes. Seven versions have been issued: the Boden 2005 (it has already matured), the Boden 2012, the Boden 2013, and Boden 2015 denominated in dollars, and the Boden 2007, Boden 2008, and Boden 2013 denominated in pesos. Tradable on the stock exchange. See also *CEDRO* and *Bono Compensatorio*. ("Bono Optativo del Estado Nacional.")

BOGAR: GoA peso bond adjusted by CER and issued in 2002, under which the GoA assumed provincial debt and the provinces committed to repay the GoA their debt and use their co-participation resources as guarantee. The bond carries a fixed coupon of 2% paid monthly and amortizes in 60 installments with final maturity in February 2018. ("Bono Garantizado.")

BONAR: a GoA dollar denominated bond issued under domestic law. The GoA first issued the Bonar V (with a five year maturity) in March 2006. The GoA subsequently extended the maturity, issuing the Bonar VII (7-year maturity). ("Bono de la Nación Argentina.")

Bono del Sur: a bond issued by Venezuela in November 2006. This bond is comprised of three different sovereign bonds: two Argentine Bonds (Boden 2012 and Boden 2015) and one Venezuelan bond (Titulo de interés fijo). The three bonds trade separately.

Bono Público: The quasi-money issued by the province of Catamarca. The Bono Públicos are being withdrawn from circulation under the *PUM* by September 30, 2003. See also *Quasi-Monies*.

Bono Compensatorio: Compensatory bonds, given to banks to compensate for their losses from *asymmetrical pesification*. Banks were compensated with *BODEN* bonds, but *BODENs* were issued for other purposes as well (i.e., all compensatory bonds are *BODENs*, not all *BODENs* are compensatory bonds).

Bono Patriótico: "Patriotic bonds" issued in 2001 on a "voluntary" basis that effectively forced banks to subscribe to the issue. The GoA recently decreed that they cannot be used to make tax payments, effectively reducing their value significantly.

BONEX: Government bonds issued in the 1980's and early 1990's. The 1989 issue was used to compensate for confiscated bank deposits. Although *BONEX* bonds traded as low as 20-25% of par value, they generally enjoyed a good reputation and were all paid off. Many were purchased by foreign investors at discounted value, and then used (at full value) to acquire privatized public companies.

BONTE: a GoA dollar denominated bond issued before the GoA default in 2002. Six different versions were issued with maturities coming due between 2002 and 2006. ("Bono del Tesoro".)

CAMMESA: A GOA entity which regulates Argentina's electricity market. It also manages a fund that evens out electrical costs between high and low-cost seasons. High-cost season is when hydro power production is low. ("Compañía Administradora del Mercado Mayorista Eléctrico Sociedad Anónima.")

Canje: Generally, an exchange of some debt of the government for another type of debt, usually public bonds. There have been a series of Canjes: one in mid-2001, the "Mega-Canje" of various types of public debt for public bonds. A second was the exchange in November 2001 of various types of bonds for government *Guaranteed Loans*. There have been two exchanges of bank deposits frozen by the *corralón* and *corralito* for *BODENs*. The first Canje of this type ("Canje I") was completed in July 2002, in which about 23 percent of eligible account holders took part. The second ("Canje II") was in October 2002. Most recently, in February - June 2005, the GoA completed the restructuring -- referred to as the "Canje" -- of sovereign debt defaulted on during the 2001/2002 financial crisis (Note: this was the largest sovereign default in history.). The GoA exchanged defaulted bonds for three different instruments (*Par*, *Discount*, *Quasi-Par*).

Cecacor: The quasi-money issued by the province of Corrientes. See *Quasi-Monies*.

Cedear: The Argentine ADR market, shares of foreign companies traded on the Argentine stock exchange in pesos.

CEDRO: Certificate representing reprogrammed bank term deposits (deposits subject to the *corralón*) obtained in a *Canje*. These are promises by the account holder's bank to pay principal and interest according to a formula established by the Ministry of Economy that varies according to the size of the deposit. Do not have a government guarantee. ("Certificado de depósitos reprogramados")

Cemis: The quasi-money issued by the province of Misiones. See *Quasi-Monies*.

CER: One of two indexes used to adjust pesified debts for inflation. CER adjusts debts according to inflation in the prices of goods and services (as opposed to CVS, which adjusts debts according to the growth in salaries). Part of a package of laws intended to shield debtors who borrowed in dollars from the collapse of the peso. ("Coeficiente de estabilización de referencia."). See also *Asymmetrical Indexation*.

Compensatory Bonds: See *Bono Compensatorio*.

Concurso: A legal process, similar to Chapter 11, which allows a company to suspend payments to its creditors pending an agreement with the creditors to reduce the debt. If the company fails to abide by its Concurso agreements, a judge may declare the company bankrupt and sell its assets to pay creditors.

Convertibility: The fixed 1-1 exchange-rate system between the peso and the US dollar that existed in Argentina from April 1, 1991 to January 7, 2002. See also *Lecop*.

Corralito: The nickname for the decree that froze bank demand deposits (checking and savings accounts), both dollar- and peso-denominated, in December 2001. Holders were allowed to withdraw small amounts each month, or receiving a *BODEN* 2005, 2007 or 2012 in a *Canje* exchange. The Corralito was lifted November 2002, although large deposits were converted to *CEDROS*.

Corralón: The nickname for the decree that froze bank term deposits in January 2002. Holders had the option of receiving a *BODEN* 2007 or 2012 in a *Canje* exchange. The corralón was lifted over time, beginning in October 2002, with the final exchange ("*Canje II*") in March 2003. Depositors who refused to accept a *BODEN* in exchange received a *CEDRO*.

Cuevas: Small, unregulated exchange houses that trade in pesos, dollars, bonds and *quasi-monies*.

CUIL: A number (and also the name of the card on which the number is located) indicating that a person is an employee who is registered with and contributing to the pension system. See also *CUIT*. (“Código Unico de Identificación Laboral”).

CUIT: A number (and also the name of the card on which the number is located) indicating that a firm (or a self-employed person) is registered with and contributing to the pension system. Serves as an indicator of formal employment. See also *CUIL*. (“Código Unico de Identificación Tributaria”).

CVS: One of two indexes used to adjust pesified debts. CVS adjusts debts according to the growth in salaries (as opposed to the *CER*, which adjusts debts according to inflation in the prices of goods and services). Part of a package of laws intended to shield debtors who borrowed in dollars from the collapse of the peso. Debts subject to CVS are mortgages on homes, personal credits of less than 12,000 pesos and loans of less than 30,000 pesos. (“Coeficiente de Variación Salarial”) See also *Asymmetrical indexation*.

Depósitos Reprogramados: Bank fixed-term deposits, in dollars or pesos that were frozen by the *corralón* law and repaid by being “reprogrammed” into *CEDROs* or *BODENs*.

Discount: one of the bonds issued by the GoA in its debt restructuring, which closed in February 2005 (Note: the “Canje” settled in June 2005, delayed due to legal problems related to holdouts from the exchange). This bond, which received a 66% principal reduction, has been issued in four currencies: ARP, USD, EUR and JPY. See also *Canje*, *Par*, and *Quasi-Par*

Dólar Futuro: Future price of the USD in pesos at a certain month.

Dólar Mayorista: Price in pesos of buying dollars on the *MAE*. This market is open only to corporations, and operates entirely electronically (no cash dollars). Since May 2003, companies may not buy more than USD 500,000 per month on this market. The *BCRA* buys and sells on this market.

Dólar Minorista: Price in pesos of buying dollars at a regulated exchange house or at a bank that trades dollars on its own account. Market is for cash dollars only. See also *Cuevas*.

Dólar Paralelo: Price in pesos for corporations to buy dollars in excess of the USD 500,000 per month they can buy in the *Dólar Mayorista* market. Because this is a gray market, it operates entirely in cash.

Dólar Transferencia: Price in pesos of buying dollars offshore. Cost estimated to run 5 percent above the cost of *Dólar Libre* for legal transactions (legally, an Argentine may transfer a maximum of USD 10,000 offshore as portfolio investment). Cost reportedly rises to 10 percent for transactions above the legal limit.

EMAE: index of economic activity, a reliable indicator of GDP growth. Produced by *INDEC* (“Estimador Mensual de Actividad Económica”).

EMI: index of industrial activity. Produced by *INDEC* ("Estimador Mensual Industrial").

Empalme: A rebate program instituted in June 2001 intended to aid exporters. It gave exporters a rebate calculated on the difference in exchange rate between the dollar and the euro (FOB price of exports multiplied by one dollar minus the average of one dollar and one euro). Also known as "the convergence factor."

Encaje: The 30% unremunerated reserve requirement (to be deposited in a local bank for 365 days) to which capital inflows are subject as part of the GoA's capital controls to discourage speculative capital inflows. The deposit must be denominated in USD and the proceeds cannot be used as collateral. The remaining 70% of the capital inflow is free to be invested, but must remain in-country for a minimum of 365-days. Capital inflows related to trade transactions, foreign direct investment, or primary public offerings of stock or bonds (from both the private and public sector) are exempt from the capital controls. Also, the term, "encaje," is used for BCRA "reserve requirements."

Federal: The quasi-money issued by the province of Entre Rios. Federales were withdrawn from the market between May 26 and July 8, 2003 under the *PUM*. See *Quasi-Monies*.

FMI: The International Monetary Fund (IMF).

GDP Warrant: See *Unidad Ligada al PBI*

Holdouts: refers to the bondholders that did not participate in the GoA debt restructuring from February 2005. Some of these holdouts are pursuing legal actions in Argentine and international (including U.S.) courts, which are pending resolution.

Huarpes: The quasi-money issued by the province of San Juan. See *Quasi-Monies*.

INDEC: The National Institute for Statistics and Census, an agency within the Ministry of Economy that produces official statistical data on Argentina. ("Instituto Nacional de Estadística y Censo").

INDOL: Peso futures contracts traded on the stock exchange.

IPC: index of retail inflation. Produced by *INDEC*. ("Índice de Precios al Consumidor")

IPIB: Index of Wholesale Basic Prices. The same as the *IPIM* index, except it excludes taxes. One of three producer or wholesale price indexes used in Argentina. ("Índice de Precios Básicos al por mayor"). Produced by *INDEC*. See also *IPP*.

IPIM: Internal Wholesale Price Index. One of three producer or wholesale price indexes used in Argentina. The IPIM measures the price changes of products sold in the internal market before their commercialization at the retail level. It includes both Argentine goods (including Primary Products, Manufactures, and Electric Energy) net of export, imported goods and value-added taxes, internal taxes, and other taxes included in the price, such as the fuel tax. ("Índice de

Precios Internos Mayoristas”). Produced by *INDEC*. See also *IPIB* and *IPP*.

IPP: Price index of Argentine-produced wholesale goods, whether for domestic consumption or export, net of taxes. One of three price indexes used in Argentina. (“Indice de Precios Básicos al Productor”). Produced by *INDEC*. See also *IPIM* and *IPIB*.

IVA: Value-added tax (VAT) (“Impuesto al valor agregado”).

Lebac: Short-term paper issued by the *BCRA*, denominated in either pesos or dollars, used to manage liquidity (i.e., to regulate the amount of money in circulation). Usually issued to banks in exchange for cash taken out of circulation. (“Letras del Banco Central”)

Lecop: Argentine short-term Treasury bond. Lecops often are accepted as means of payment, and therefore are one of the types of *Quasi-Monies* in circulation in Argentina. They were widely issued by the federal government during *Convertibility* to make payments to provinces, suppliers and employees when the government ran short of cash.

Lecor: The quasi-money issued by the province of Cordoba. The Lecor was withdrawn from circulation between May 9 and July 16, 2003 under the *PUM*. See *Quasi-Monies*.

Letras: The quasi-money issued by the government of the province of Tierra del Fuego. See also *Quasi-Monies*.

MAE: Electronic stock exchange, the Argentine version of NASDAQ (“Mercado Abierto Electrónico”).

MERVAL: The index of the Argentine stock market (like Dow Jones Industrial Average or NASDAQ Composite in the US).

NOBAC: Medium-term paper issued by the *BCRA*, denominated in either pesos or dollars, used to manage liquidity (i.e., regulate the amount of money in circulation). (“Notas del Banco Central”)

ON: Corporate debt instrument issued for periods longer than 9 months. Usually have coupon payments on quarterly basis. (“Obligaciones Negociables.”)

Operaciones de Pase / Pases Activos (repo agreements): under which the *BCRA* offers financing at the active repo rate and adds liquidity to the system (however, when the repo agreement is canceled the *BCRA* absorbs liquidity from the system). From the *BCRA* point of view is an agreement to first purchase a bond at one price with a simultaneous agreement to sell the bond at a later date at a price agreed today. Repo trade enables the holder of the bond (e.g. a bank) to borrow money while using the bonds as financial collateral with the *BCRA* (as a lender). The opposite transaction is a **reverse repo agreement**, or “**Pases Pasivos**,” under which the *BCRA* borrows funds at the passive repo rate and absorbs liquidity from the financial system. In this case, the *BCRA* first sells the bond and simultaneously agrees to repurchase the bond at a later date at the price agreed today.

PAMI: Medical services program for disabled people, retirees and their dependents, funded by the state. (“Programa de Ayuda Médica Integrada”).

PAR: one of the bonds issued by the GoA in its debt restructuring in February 2005. This bond, which received no principal reduction, has been issued in four currencies: ARP, USD, EUR and JPY. See also *Discount*, *Quasi-Par*, and *Canje*.

Patacones: A type of quasi-money issued by Buenos Aires province. Circulated widely in Argentina as one of several types of *Quasi-Monies*, unlike other provincial quasi-monies that normally did not circulate outside their province of origin. Patacones were from circulation by December 31, 2003.

Patriotic Bonds: See *Bono Patriótico*.

PBI: The acronym most commonly used in Argentina for Gross Domestic Product (GDP). (“Producto Bruto Interno”). See also *PIB*.

Petrobono: Name of the quasi-money issued in three provinces: Chubut, Mendoza and Rio Negro. See also *Petrom* and *Quasi-Monies*.

Petrom: One of two types of quasi-money issued by the province of Mendoza. The province of Mendoza is withdrawing its Petroms from circulation using its own resources, at 100% of nominal value. See also *Petrobono*, *Quasi-Monies* and *PUM*.

PGC: The regulatory limit on the amount of foreign exchange that a bank can maintain based on its *RPC*. (“posición general de cambios.”)

PIB: An acronym for Gross Domestic Product (GDP) that is sometimes used in Argentina, commonly used in other Latin countries (“producto interno bruto”).

Préstamos Garantizados: loans guaranteed by tax collection issued by the GoA in November 2001 as a result of an exchange to extend maturities and reduce interest payments. These loans continued making their interest and principal payments despite the 2002 default. See also *Canje*.

Programa de Financiamiento Ordenado (PFO): programs by which the GoA financially assists the provinces. The PFO financial conditions include maturities of three years and principal adjustment by CER. In 2005, the PFOs were replaced by the *Programa de Asistencia Financiera*.

Programa de Asistencia Financiera (PAF): programs by which the GoA financially assists the provinces. Unlike the *Programa de Financiamiento Ordenado*, the PAF have longer maturities up to eight years and no CER adjustment provision for the principal.

PUM: The GOA program to withdraw *Quasi-monies* from circulation in Argentina, using federal funds. The PUM established a system to exchange quasi-monies for pesos, normally at

market rates. Some provinces (e.g., Mendoza, see *Petrom*) have elected to redeem their quasi-currencies outside of the PUM, at nominal value using their own resources. (“Programa de unificación monetaria.”)

PYME: A small or medium-sized business. (“Pequeña y mediana empresa”).

Quasi-Monies: Paper other than pesos that circulated as a substitute for the peso. Broadly, these fell into two categories, federal bonds and provincial bonds or currencies. The federal bond that traded commonly as money was the *Lecop*. 15 provinces also issued their own currencies when they ran short of cash pesos, usually to pay their employees (see list below). One province, San Luis, announced it intended to issue a quasi-currency backed by an offshore fund of foreign currencies. Because quasi-monies were issued as provincial bonds, they were not regulated by the *BCRA*. In 2003, the GOA withdrew most quasi-currencies from circulation under the *PUM*.

Province	Quasi-money
Buenos Aires	Patacones
Catamarca	Bono Público
Chaco	Quebracho
Chubut	Petrobono
Cordoba	Lecor
Corrientes	Cecacor
Entre Ríos	Federal
Formosa	Bocanfor
La Rioja	Bocade A and B
Mendoza	Petrom
Mendoza	Petrobono
Misiones	Cemis
Rio Negro	Petrobono
San Juan	Huarpes
Tierra del Fuego	Letras
Tucumán	Bocade

Quasi-Par: one of the bonds issued by the GoA in its debt restructuring in February 2005. This bond, which received a 30% principal reduction, has been issued in four currencies: ARP, USD, EUR and JPY. This bond, which matures in 2045 and capitalizes its interest payments for the first ten years, was mainly design for Argentine pension funds (*AFJPs*), given its long duration. See also *Par*, *Discount*, and *Canje*.

Quebracho: The quasi-money issued by the province of Chaco. The Quebracho was withdrawn from circulation by December 31, 2003 under the *PUM*. See also *Quasi-Monies*.

Quita: The reduction in value of debt in a restructuring. In Argentina’s debt restructuring launched in December 2004, the GOA asked for an average 66 percent “quita” from the nominal value of its defaulted debt.

Recaudación Tributaria: Tax receipts.

REM: a survey produced by the BCRA to gather market expectations on the most relevant economic and financial variables. (“Relevamiento de Expectativas de Mercado.”)

Reprogrammed Deposits: See *Depósitos Reprogramados*.

RPC: A bank regulatory term for the net worth of a bank. (“responsabilidad patrimonial computable.”) See also *PGC*.

San Luis: The *quasi-money* that San Luis province announced in October 2002. Unlike other quasi-monies, the San Luis is to be backed by a \$60 million fund of foreign currencies (dollars, Euros, Chilean pesos and Japanese Yen) held offshore. The province also announced that acceptance of the San Luis would be “voluntary.” Not clear yet if it actually was issued or if it was only a campaign event. San Luis province has strong finances and does not need to issue quasi-money to pay its bills.

SENASA: The Argentine government veterinary and food safety inspection service. (“Servicio Nacional Sanitario y Calidad Agroalimentaria.”)

SuperPowers: The so-called called “Superpowers” are an amendment to the existing Financial Administrative Law approved in August 2006. With the superpowers, the Chief of Cabinet is allowed to redistribute funds from the Budget at his discretion regardless of the provisions of the Fiscal Responsibility Law, and the Congress is relegated to the role of approving the total amount of expenditures of the Budget. Between 2001 and 2006, the GoA embedded superpower provisions in annual budget bills, which made them temporary -- they lasted only for the year the budget was approved. However, this amendment to the law makes the superpowers permanent.

Unidad Ligada al PBI or "GDP Linked Unit": a warrant attached to all the bonds (*Par*, *Discount* and *Quasi-Par*) issued in the 2005 GoA debt restructuring (*Canje*), and linked to GDP growth. In November 2005, these units started to trade separately. The warrants pay 5% of the excess GDP growth above a trend forecast, which ranges from about 4.3% in 2005 through 3.2% in 2013 and then stabilizes at 3% starting 2014. The total nominal payments of the GDP warrant cannot exceed 48% of the total face value outstanding. Estimates are that the total payout could reach \$40 billion during its 30-year lifetime. In December 2006, the warrants paid out \$400 million, because actual 2005 GDP growth exceeded the base GDP growth target in the debt exchange prospectus. Analysts forecast that the GoA may have to pay almost twice as much (about \$800 million) in December 2007, accounting for 2006 GDP growth.

VCP: A short-term (less than one year) negotiable instrument. (“Valores de corto plazo”). See also *ON*.

Wait and See Market: The non-existent market for as-yet unissued GOA bonds. Usually used when brokers give estimated prices for types of *BODEN* bonds that have been promised but not yet printed or issued.

This is a work in progress. Please send any corrections/comments/requests for additions to LandbergCA@state.gov or WeissmannV@state.gov.